

HOUSE BILL 3789
By McCord

AN ACT to amend Tennessee Code Annotated, Title 5,
Chapter 8, relative to the investment of funds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 5-8-301(b)(5)(A)(ii), is amended by deleting such item in its entirety and by substituting instead the following:

(ii) Bonds, notes or other obligations of any county or municipal corporation or instrumentality thereof of this state, including bonds, notes or other obligations payable from revenues, but expressly excluding bonds of any road, levee or drainage district; and

SECTION 2. Tennessee Code Annotated, Section 5-8-301(b)(6), is amended by deleting such subdivision in its entirety and by substituting instead the following:

(b) Non-convertible debt securities of the following issuers; provided, that such securities are rated in the highest category by at least one (1) nationally recognized rating service:

(A) The federal home loan bank;

(B) The federal national mortgage association;

(C) The federal home loan mortgage corporation;

(D) The federal farm credit bank; and

(E) Any student loan marketing association or student loan non-profit public-benefit corporation operating as a Section 150(d) corporation under the Internal Revenue Code of 1986, as amended, that either originates or purchases loans under the Federal Higher Education Act of 1965, as amended; and

SECTION 3. Tennessee Code Annotated, Section 5-8-301(c)(2), is amended by adding the following sentence at the end of the subdivision:

Notwithstanding the foregoing, such investments may have a maturity of greater than two (2) years and greater than five (5) years from the date of investment if the obligation represented by such investment may be tendered by the holder to the issuer or an agent of the issuer, or may be submitted by the holder to be sold pursuant to auction procedures applicable to such investments, at not less than annual intervals, without the approval of an investment committee.

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared severable.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.